

**CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
ENDORSEMENT**

This endorsement changes any and all property or other first-party protection and any and all liability protection provided by your policy, other than any of the following provided by your policy:

- Coverage that is changed by an exclusion that applies to certified acts of terrorism.
- Commercial auto coverage.
- Commercial crime coverage.
- Coverage that has Professional Liability in the title of that insuring agreement.

How Coverage Is Changed

There are two changes which are explained below.

1. The following is added to your insuring agreement. This change can limit coverage for losses arising out of certified acts of terrorism if such losses are otherwise covered by your policy.

If aggregate insured losses attributable to certified acts of terrorism exceed \$100 billion in a Program Year (January 1 through December 31), and we have met our insurer deductible under the Terrorism Risk Insurance Act:

- we won't be responsible for the payment of any portion of the amount of such losses that exceeds \$100 billion; and
- insured losses up to \$100 billion will be subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Certified act of terrorism means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal

Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a certified act of terrorism include the following:

- The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 - The act is a violent act or an act that is dangerous to human life, property, or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy.

Other Terms

All other terms of your policy remain the same.

**PREMIER PROPERTY PROTECTION
EMPLOYEE THEFT WELFARE AND PENSION PLAN ENDORSEMENT**

This endorsement changes your Premier Property Protection.

How Coverage Is Changed

There are three changes which are explained below.

1. The following is added to the Employee Theft additional benefit. This change broadens coverage.

Employee welfare and pension plans. We'll cover your employee welfare and pension plans against loss of or damage to money, securities, and other property resulting directly from employee theft.

We'll consider any individual who is:

- a trustee, officer, employee, administrator, or manager of any Employee Welfare or Pension Benefit Plan covered under this agreement; and
- your director or trustee while that person is handling funds or other property of any plan covered under this agreement;

to be an employee.

But we won't consider an administrator or a manager of any welfare or pension plan covered under this agreement who is an independent contractor to be an employee.

We won't pay more than the additional benefit limit for employee theft shown in the Coverage Summary.

Required limits. This benefit may cover loss to two or more plans, or it may cover loss to a business or institution as well as loss to a plan. If so, you or the plan administrators must maintain a limit

of coverage for each plan that is at least equal to that required if each plan were covered separately.

2. The following is added to the Deductible section. This change broadens coverage.

No deductible applies to a loss that happens to any plan subject to ERISA covered under this agreement.

3. The following is added to the Other Rules For This Agreement section, but only when the insured first named in the Introduction is an entity other than a plan.

Welfare and pension plan payment. Any payment we make to the insured first named in the Introduction for covered loss by any plan will be held by you for the use and benefit of the plan to which the loss occurred.

Welfare and pension plan combined fund. Money, securities, or other property of two or more insured plans may be combined into a single fund. If so, recovery for loss because of employee theft will be shared by the plans on a proportionate basis. The proportions will be according to the limit of coverage each plan is required to carry by the ERISA regulations and the total.

Other Terms

All other terms of your policy remain the same.

**TECHNOLOGY VISIONPAK
INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION
COVERAGE SUMMARY**


This Coverage Summary shows the coverage options and other applicable terms and conditions that apply to your Premier Property Protection.

Valuation Options

- | | |
|----------------------------|--|
| Buildings | <input type="checkbox"/> Actual Cash Value |
| | <input type="checkbox"/> Replacement Cost |
| | <input type="checkbox"/> |
| Business Personal Property | <input type="checkbox"/> Actual Cash Value |
| | <input checked="" type="checkbox"/> Replacement Cost |
| | <input checked="" type="checkbox"/> Finished Stock - Selling Price |
| | <input type="checkbox"/> |

Coinsurance Provisions

- % Coinsurance -- All Buildings
- 100 % Coinsurance -- All Business Personal Property
- ☒ Agreed Amount Option Applies
- ☒ All Locations
- ☐ Locations Listed
- ☒ Agreed Amount SEE VP002
- ☒ Agreed Amount Expiration Date 09/11/2013

Deductible Options

- | | |
|----------|--|
| \$ | <input type="checkbox"/> All Coverages per event |
| \$ 1,000 | <input checked="" type="checkbox"/> All Coverages per event, except as indicated below |
| \$ | <input type="checkbox"/> Blanket Earnings and Expense |
| Hours | <input type="checkbox"/> All Coverage per event |
| Days | <input type="checkbox"/> All Coverage per event |
| \$ 2,500 | <input checked="" type="checkbox"/> Portable Computer Hardware Theft Deductible |
| \$ | <input type="checkbox"/> Flood |
| \$ | <input type="checkbox"/> Earthquake and Volcanic Eruption |
| \$ | <input type="checkbox"/> Named Tropical Windstorm and Hurricane |
| \$ | <input type="checkbox"/> |
| \$ | <input type="checkbox"/> |

Name of Insured
VENDINI, INC.

Policy Number ZLP-11R18933-12-I4

Effective Date 09/11/12

Processing Date 09/07/12 10:12 001

VP001 Rev. 5-02

Coverage Summary

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Reporting Provisions and Premiums

Reporting Options

- | | | |
|--|---|----|
| <input type="checkbox"/> Non-reporting | <input type="checkbox"/> Flat Annual Premium | \$ |
| <input type="checkbox"/> Monthly | <input type="checkbox"/> Deposit Premium | \$ |
| <input type="checkbox"/> Quarterly | <input type="checkbox"/> Minimum Annual Premium | \$ |
| <input type="checkbox"/> Annual | | |

Reporting Rate per \$100

Miscellaneous Options

- ☐ Worldwide coverage extension - Personal Belongings
- ☐ Worldwide coverage extension - Property In Transit
- ☐ Worldwide coverage extension - Unscheduled Locations

Mortgagees and Loss Payees

**TECHNOLOGY VISIONPAK
INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION
SCHEDULED LOCATIONS COVERAGE SUMMARY**



This Coverage Summary shows your scheduled locations, covered property, and limits of coverage that apply to your Premier Property Protection.

Scheduled Locations

Loc. No.	Address
001	365 MAIN - 720 2ND STREET, OAKLAND, CA 94607
002	10 POST OFFICE SQUARE 6TH FLOOR, BOSTON, MA 02109
003	350 E. CERMAK RD., CHICAGO, IL 60616
004	660 MARKET STREET SUITE 400, SAN FRANCISCO, CA 94104

Limits Of Coverage

Loc No.	Building	Business Personal Property
001-004	NO COVERAGE	\$878,000 BLANKET LIMIT

Name of Insured VENDINI, INC. **Policy Number** ZLP-11R18933-12-I4 **Effective Date** 09/11/12
Processing Date 09/07/12 10:12 001

VP002 Ed. 3-99 Coverage Summary
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**TECHNOLOGY VISIONPAK
INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION
ADDITIONAL BENEFITS COVERAGE SUMMARY**



This Coverage Summary shows the limits that apply to the Additional Benefits section of your agreement.

Refer to the Insuring Agreement for an explanation of coverage.

Additional Benefit	Additional Benefit Limit
Accounts Receivable	\$25,000
Catastrophe Allowance	\$10,000
Computer System Fraud	\$10,000
Deferred Payments	\$25,000
Demolition And Increased Cost Of Construction - maximum per loss (subject to a maximum per building or improvement of 10% of value)	\$100,000
Depositors Forgery	\$25,000
Employee Theft	\$20,000
Endangered Property	\$10,000
Extra Expense	\$25,000
Fine Arts	\$25,000
Fire Department Service Charge	\$25,000
Fire Protective Equipment	\$25,000
Inventory and Appraisals	\$25,000
Money and Securities	
• Inside limit	\$20,000
• Outside limit	\$10,000
Newly Acquired Property	
• Building limit	\$500,000
• Business Personal Property limit	\$500,000
Off Premises Utility Failure	\$25,000
Outdoor Property	\$25,000
Personal Belongings	\$25,000
Pollution Clean Up And Removal	\$25,000
Property In Transit	\$25,000
Radioactive Contamination	\$25,000

Name of Insured	Policy Number ZLP-11R18933-12-I4	Effective Date 09/11/12
VENDINI, INC.	Processing Date 09/07/12 10:12 001	

VP003 Rev. 1-02

Coverage Summary

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Random Attack - Hacking Event Or Computer Virus	\$10,000
Rewards	\$25,000
Telecommunications Theft	\$10,000
Unscheduled Locations	\$25,000
Valuable Records Research	\$25,000
Voluntary Surrender	\$25,000
Additional Benefit Restrictions	

TECHNOLOGY VISIONPAK INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION

We've designed this agreement to protect against a variety of property losses. There are limitations and they are explained later in this agreement.

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What This Agreement Covers

The description of property covered, the limit of coverage, and other applicable terms and conditions are shown in the Coverage Summary.

Covered Causes Of Loss

We'll protect covered property against risks of direct physical loss or damage except as indicated in the Exclusions - Losses We Won't Cover section.

Property Covered

In the following sections, we explain what is included under the building and business personal property coverages. The Coverage Summary will indicate which coverages you have purchased under this policy.

Building Coverage

We'll cover your financial interest in the covered building or structure. While at the same location, we'll also cover:

- machinery and equipment that are a permanent part of a covered building and are used to provide building services such as elevators and heating equipment.
- fixtures or yard fixtures such as lampposts and flagpoles.
- property which you own and use to service or maintain a covered building or structure or its premises.
- construction materials, supplies, and equipment that you intend to use to alter, repair, or expand a covered building. During construction, we'll cover these

materials at a covered location or in the open within 1,000 feet of it. We'll also cover any temporary structures at a covered location.

Business Personal Property Coverage

We'll cover your business personal property while:

- in or on a building described in the Coverage Summary.
- in the open or in vehicles in the open within 1,000 feet of a covered location.

Business personal property means things you own or have a financial interest in such as stock, furniture, fixtures, machinery, equipment, computer hardware including portable computer hardware, software, data, prototypes, supplies, patterns, dies, and other movable items and all other personal property owned by you and used in your business.

Portable computer hardware means equipment designed to be transported, including laptop, notebook, or pen-based notebook computers.

Stock means merchandise held in storage or for sale, raw materials and in-process or finished stock. It also includes supplies used in packing or shipping.

Covered location means any of the following:

- locations scheduled or described in the Coverage Summary;
- new locations as described in the newly acquired property additional benefit; or
- unscheduled locations as described in the unscheduled locations additional benefit.

Business personal property may include personal property used in your business that's leased from others when you are contractually required to insure it and its value is included in your business personal property limit of coverage.

We'll also cover business personal property sent out on consignment or approval and we'll cover business personal property you exhibit or display whether you own it or are responsible for it.

Your business personal property coverage also includes the value of materials, labor, and other services you've expended on other people's property.

Other people's property. We'll cover the business personal property of others that's in your care, custody, or control, to the extent of your insurable interest and your legal obligation while:

- in or on a building described in the Coverage Summary; or
- in the open or in vehicles within 1,000 feet of a covered location.

This does not apply to property of yours, your officers, partners, or employees.

Improvements coverage. If you're a tenant at a covered location, your business personal property coverage can also apply to improvements that you make to a building.

Improvement means a permanent alteration or addition that can't legally be removed.

If you pay for an improvement, and none of the payment is part of your rent, we'll cover the value of your right to use the improvement.

The limit of coverage for business personal property is the most we'll pay for all loss to your business personal property and improvements. However, we won't pay for loss to your improvement if someone other than you pays to repair or replace it.

Burglary damage to buildings. If you are a tenant at a covered location, your business personal property coverage can also cover direct loss or damage caused by burglary or attempted burglary to that part of the building you occupy. To be covered, you must be legally responsible for the damage.

Burglary means the taking of property from inside your building by a person unlawfully entering or leaving the building as evidenced by marks of forcible entry or exit.

This protection is included in the limit of coverage for business personal property at the location where the damage occurs.

Property Not Covered At All

We won't cover the following property under this agreement:

- aircraft, satellites, and spacecraft;
- live animals, birds, and fish;
- contraband, or property in the course of illegal transportation or trade;
- watercraft including motors, equipment, and accessories while on water;
- lawns, land, land value, land restoration, and growing crops, including standing timber;
- outdoor trees, plants and shrubs, except for the coverage provided under the Additional Benefits section;
- water;
- money, lottery tickets, food stamps, securities, deeds, accounts, bills, notes, and other evidence of debt, except for the coverage provided in the Additional Benefits section;
- self-propelled land vehicles and other vehicles licensed and designed for use on public roads, such as cars, trucks, and trailers;
- property you've sold under a conditional sales agreement, trust agreement, installment payment or other deferred payment plan after it's been accepted by the customer other than as provided by the deferred payments additional benefit; or
- transmission and communication lines you own or have a financial interest in other than those held as inventory.

Additional Coverages

The following coverages are included when either building or business personal property coverages have been purchased and are shown in the Coverage Summary. Unless otherwise indicated, these coverages are not in addition to the limits of coverage for building or business personal property shown in the Coverage Summary.

Debris Removal Coverage

If your covered property is damaged by a covered cause of loss, we'll pay a limited amount for the cost of removing the debris of damaged covered property.

We'll pay up to 25% of the amount paid for direct physical loss or damage. The amount paid for direct physical loss or damage includes any deductibles you pay. If debris

removal costs exceed the 25%, or if the total amount of loss paid and debris removal costs combined exceed the limit of coverage that applies, we'll also pay up to an additional \$25,000 for debris removal per location in each event. For example:

A fire causes a combined loss of \$50,000 to your building and business personal property. The combined limits of coverage for the damaged building and business personal property are \$100,000. Because of pollutants in the debris, the debris removal costs total \$15,000. Here's how we'll determine what we'll pay for the debris removal costs.

Paid loss of \$50,000 (which includes your deductible) x 25% = \$12,500, the debris removal limit for this loss. Since the debris removal costs of \$15,000 exceed the \$12,500 limit, the additional \$25,000 debris removal coverage will pay the remaining \$2,500 debris removal cost. In this example, we would pay the full \$15,000 of debris removal costs. However if the debris removal cost had been \$40,000 we would only pay \$12,500 + \$25,000 for a total of \$37,500.

A higher additional limit may be purchased. If so, the revised limit will be shown in the Coverage Summary.

We won't pay for any undamaged property which must be removed because of the enforcement of any ordinance, regulation, or law that requires you or anyone else to:

- test for, monitor, cleanup, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of pollutants.

For example:

A fire damages your building, including a section of the ceiling. The ceiling is made of tiles containing asbestos. Because of the asbestos, local law requires that you replace the ceiling completely even though only a portion of the ceiling was damaged. We'll only pay the cost to remove the tiles damaged by the fire. We won't pay to remove the undamaged remainder of the ceiling because the law requires it.

We won't pay for the debris removal of property which is a pollutant and which must be removed from water or from below the surface of the ground. Limited coverage for pollution cleanup and removal is provided in the Additional Benefits section.

We'll only pay debris removal expenses that are reported to us in writing within 180 days of the date of direct physical loss or damage to covered property.

The cost of removing debris won't be included when we apply the coinsurance rule.

Preservation Of Property Coverage

We'll pay for any direct physical loss or damage to covered property that results when you're forced to remove it from a location endangered by a covered cause of loss.

We'll cover the property while it's being moved to a safe place and while it's being returned to the covered location. But the total amount of insurance for all locations combined won't exceed the limit of coverage at the original location.

Undamaged Portion Of The Building

If your covered building or improvements are damaged by a covered cause of loss, we'll pay for the loss in value of the undamaged portion of the covered building or improvement as the consequence of the enforcement of any ordinances or laws that:

- regulate the construction or repair of the damaged covered building or establish zoning or land use requirements at a covered location; or
- require the demolition of the undamaged parts of the covered building; and
- are in force at the time of the loss.

Where We'll Cover

We'll cover property while in the United States, its territories and possessions, Canada, and Puerto Rico.

Additional Benefits

All of the following additional benefits are in addition to the limits of coverage for building or business personal property. The limit for each additional benefit is shown in the Coverage Summary.

Unless otherwise restricted, these limits are applicable at any covered location. The limit for property in transit applies to any covered property that is away from a covered location while in the course of transportation. The limit for unscheduled locations applies to covered property while away from a covered location, but not in the course of transportation.

Although applicable at any location, the indicated limit for any of these additional benefits is also the most that we will pay for loss or damage, regardless of the number of locations involved, that results from a single event such as a tornado or a hurricane.

These additional benefits do not extend to nor create a covered loss under any time element coverage attached to this insuring agreement. Time element coverages include any of the following:

- blanket earnings and expense;
- business income and extra expense;
- extra expense;
- business income from dependent properties;
- extra expense from dependent properties; or
- valued business income.

All other terms in this agreement apply to these additional benefits except for the coinsurance rule.

Accounts Receivable

We'll pay for the following costs that you incur due to direct physical loss or damage of your records of accounts receivable from a covered cause of loss:

- amounts your customers owe you but you can't collect because of loss or damage to your records;
- interest on any loan you have to take out because you can't collect your receivables, and need money while waiting for payment of your claim;

- extra collection costs, over and above your normal collection costs, that are made necessary because of loss or damage to your records; and
- expenses you reasonably incur to re-establish your records.

But we won't pay more than the additional benefit limit for accounts receivable shown in the Coverage Summary.

Catastrophe Allowance

If your covered property is damaged by a covered cause of loss that is declared a catastrophe by Property Claims Services, you may extend your selected policy limits for any of the coverage(s) indicated below by the limit shown for this additional benefit in the Coverage Summary. The limit shown for this additional benefit is the maximum that may be extended in aggregate for all coverages from any single catastrophe.

You can use this additional benefit limit to supplement any of the following existing policy limits:

- building coverage;
- business personal property coverage;
- any additional benefit; or
- any combination of the above.

But we won't pay more than the additional benefit limit for catastrophe allowance shown in the Coverage Summary.

Computer System Fraud

We'll pay for loss of or damage to money, securities, or other property that:

- you own, hold, or for which you are legally responsible; and
- results from computer system fraud.

But we won't pay more than the additional benefit limit for computer systems fraud shown in the Coverage Summary.

Computer system fraud means using a computer to fraudulently transfer money, securities or other property from inside your building or financial institution to:

- a person outside your premises or a financial institution; or
- a place outside your premises.

Other property means any tangible property of value other than money, securities, computer software or data.

Your premises means the interior of that portion of any building you occupy in conducting your business.

Evidences of debt means instruments executed by your customer and held by you which in the regular course of business are treated as evidencing the customer's debt to you, including records of charges and accounts receivable.

We explain what we mean by money and securities in the Money And Securities additional benefit.

Deferred Payments

We'll pay your insurable interest for direct physical loss or damage by a covered cause of loss to business personal property you've sold on an installment or other deferred payment basis after its been accepted by your customer.

But we won't pay more than the additional benefit limit for deferred payments shown in the Coverage Summary.

Demolition And Increased Cost Of Construction

If a covered building or improvement covered for replacement cost under this agreement is damaged by a covered cause of loss, we'll pay the costs necessary to demolish and clear the site of undamaged parts of such covered property as well as the increased costs of construction due to the enforcement of any ordinances or laws that:

- regulate the construction or repair of the damaged building or establish zoning or land use requirements at a covered location; or
- require the demolition of the undamaged parts of the building; and
- are in force at the time of the loss.

But we won't pay more than the demolition and increased cost of construction maximum per loss additional benefit limit shown in the Coverage Summary or 10% of the limit of insurance applicable to that covered building or improvement, whichever is less.

If a damaged building or improvement is covered under a blanket limit of insurance that applies to more than one building or item of property, the most we'll pay is the lesser of the demolition and increased cost of construction maximum per loss additional benefit limit shown in the Coverage Summary or 10% times the value of the damaged covered building or improvement as indicated in the statement of values or schedule.

This additional benefit does not apply to any costs due to an ordinance or law with which you were required to comply before the loss, even when the building was undamaged, and with which you did not comply.

This additional benefit does not apply to the costs associated with the enforcement of any ordinance or law which requires you or anyone else to:

- test for, monitor, cleanup;
- remove, contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of pollutants.

Depositors Forgery

We'll pay for loss resulting directly from forgery or alteration of a check, draft, promissory note or similar written promises or directions to pay money that are:

- made or drawn by you;
- drawn upon you;
- made or drawn by someone acting as your agent; or
- claims to have been so made or drawn.

We'll also pay for reasonable legal expenses that you incur and pay in defense, if you are sued on the basis of refusing to pay on any such forged or altered instrument, and you have our written consent to defend against the suit.

But we won't pay more than the additional benefit limit for depositors forgery shown in the Coverage Summary. This is the most we'll pay for loss including defense costs in any one event regardless of how many protected persons, property owners, covered items, or financial interests are involved.

Event means an act or series of related acts involving one or more persons.

Protected persons are people and organizations protected under this additional benefit.

Employee Theft

We'll pay for loss or damage to money, securities or other property resulting directly from theft by any of your employees. This can be money, securities or other property you own or that you're holding, whether or not you're liable for its loss. But we won't pay more than the additional benefit limit for employee theft shown in the Coverage Summary.

This protection applies only when there is evidence that the employee meant to cause you a loss. The evidence must also show that the employee intended that he or she or another person or organization would get some unearned financial benefit.

Financial benefit doesn't include salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment.

We won't consider any of the following to be an employee:

- agent, broker, factor, commissioner, merchant, consignee, independent contractor or representative of the same general character; or
- director or trustee, except while performing acts or duties within the scope of the usual duties of an employee.

Endangered Property

We'll pay for reasonable and necessary expenses you incur for the temporary protection and preservation of covered property actually damaged or threatened with imminent loss or damage from a covered cause of loss.

But we won't pay more than the additional benefit limit for endangered property shown in the Coverage Summary.

Extra Expense

We'll pay to help you maintain normal business operations following direct loss or damage by a covered cause of loss to covered property. We'll pay extra expenses that are over and above your normal operating costs and that are directly related to your covered loss.

But we won't pay more than the additional benefit limit for extra expense shown in the Coverage Summary.

We'll cover you from the date of the damage for as long as it should reasonably take to rebuild, repair, or replace your damaged covered property regardless of when this agreement ends.

We won't pay for loss of income. Nor will we pay for repairing, replacing, or restoring covered property.

Fine Arts

We'll pay for direct physical loss or damage by a covered cause of loss to your fine arts or the fine arts of others while in your care, custody, or control while in or on a building at a covered location or within 1,000 feet of it.

But we won't pay more than the additional benefit limit for fine arts shown in the Coverage Summary.

Fine arts mean antiques and objects of art of every nature and description.

Fire Department Service Charge

When the fire department is called to protect your covered property from a covered cause of loss, we'll pay for fire department service charges you've agreed to pay by contract or agreement prior to loss or as required by law.

But we won't pay more than the additional benefit limit for fire department service charge shown in the Coverage Summary. No deductible applies to this benefit.

Fire Protective Equipment

We'll pay the cost to refill your fire protection equipment if it accidentally

discharges or discharges as intended to control a covered loss.

But we won't pay more than the additional benefit limit for fire protective equipment shown in the Coverage Summary.

We won't cover any loss that happens at the time of installation, repair, or recharge of the fire protective equipment.

Inventory And Appraisals

We'll pay for the cost of any inventory and appraisal that we require from you to determine the amount of direct physical loss or damage to covered property.

But we won't pay more than the additional benefit limit for inventory and appraisals shown in the Coverage Summary. However, this benefit does not apply to costs incurred from an agent or broker's employee or representative. In addition, this benefit does not apply to costs incurred from a public adjuster or their employee or representative.

Money And Securities

We'll pay for loss of money and securities used in your business against direct physical loss or damage from theft, disappearance, or destruction. A separate limit applies for a covered loss that occurs:

- within a covered location or within a bank or savings institution; and
- away from a covered location en route to or from a bank or savings institution or within the living quarters of someone in charge of the property.

But we won't pay more than the additional benefit limits for money and securities shown in the Coverage Summary.

We'll consider all loss in connection with an actual or attempted dishonest or criminal act to be from one event, regardless of how many people committed the act.

Money means currency and coins used as legal tender, travelers checks, register checks, and money orders.

Securities means documents representing money or property, revenue stamps, other currently used stamps, tokens, tickets, and unused postage on meters, but not money.

Property we won't cover. We won't cover manuscripts, records or account books.

Newly Acquired Property

We'll pay for direct physical loss or damage to new fixtures, alterations, or additions you add to a covered building or new buildings you acquire for use in your business. We'll also pay for newly acquired business personal property. But this benefit doesn't apply to stock at any location shown in the Coverage Summary, or to business personal property at a fair or exhibition.

But we won't pay more than the additional benefit limits for newly acquired property shown in the Coverage Summary.

Insurance under this newly acquired property benefit will end when any of the following first occurs:

- this policy or this agreement is canceled or expires.
- 180 days pass after you acquire the new property or begin installation or construction.
- you report the values of the newly acquired property to us.

We will charge you additional premium from the day the building or business personal property is acquired or installation or construction begins.

Off Premises Utility Failure

We'll pay for direct physical loss or damage to covered property by a covered cause of loss that results from the failure of a utility service to a covered location. You must prove that the failure was a result of direct physical loss or damage to the utility service not at a covered location and from a cause of loss covered by this policy.

But we won't pay more than the additional benefit limit for off premises utility failure shown in the Coverage Summary.

Utility services means water, communications, and power supply services.

Water supply services means pumping stations and water mains supplying water to a covered location.

Communications supply services means property supplying communications services, including telephone, radio, microwave or television services to a covered location, such as:

- communications transmission lines, including optic fiber transmission lines;
- coaxial cables; and;
- microwave radio relays, excluding satellites.

Power supply services means:

- utility generating plants;
- switching stations;
- substations;
- transformers; and
- transmission lines, supplying electricity, steam or gas to a covered location.

Outdoor Property

We'll pay for direct physical loss or damage to the following at a covered location when the loss is caused by fire, lightning, explosion, vehicles, aircraft, civil disturbance, riot, or vandalism:

- outdoor trees, shrubs, plants; and
- outdoor fences.

But we won't pay more than the additional benefit limit for outdoor property shown in the Coverage Summary.

This benefit doesn't apply to trees, shrubs, or plants grown commercially.

Personal Belongings

We'll pay for direct physical loss or damage by a covered cause of loss to personal belongings owned by you, your officers, your partners or members, your managers, or your employees at locations scheduled or described in the Coverage Summary.

We'll apply this additional benefit on a primary basis without regard to other valid or collectible insurance. But we won't pay more than the additional benefit limit for personal belongings shown in the Coverage Summary.

Worldwide coverage extension. If this option is indicated in the Coverage Summary, we'll extend the coverage territory for personal belongings to be worldwide.

Pollution Cleanup And Removal

We'll pay for the cost to cleanup and remove pollution that is in the land or water at a covered location.

For example:

A fire in your warehouse causes chemicals to run onto the ground and into a nearby river. You are required by law to cleanup the contaminated ground and water. We'll only pay to cleanup the contaminated land and water at your premises and only up to the limit that applies to this benefit. We won't pay anything for the cleanup of land or water away from your premises.

We'll only pay for pollution cleanup and removal if:

- the discharge, dispersal, seepage, migration, release, or escape of the pollutants is caused by a covered cause of loss; and
- the cause of loss occurs during the policy period to covered property at a covered location.

This additional benefit does not apply to the costs to test for, monitor, or assess the existence, concentration, or effects of pollutants. But we will pay for testing which is performed in the course of extracting the pollutants from land or water.

To be covered, cleanup and removal costs must be reported to us in writing within 180 days of the date of direct physical loss or damage to covered property.

But we won't pay more than the additional benefit limit for pollution cleanup and removal shown in the Coverage Summary.

The limit shown in the Coverage Summary is the maximum we'll pay in any one annual policy period regardless of the number of losses that occur.

Property In Transit

We'll pay for direct physical loss or damage by a covered cause of loss to your business personal property or the property of others while in transit within the United States, its territories and possessions, Canada and Puerto Rico or between these places.

But we won't pay more than the additional benefit limit for property in transit shown in the Coverage Summary.

This benefit doesn't apply to any property sent by electronic transmission.

Worldwide coverage extension. If this option is indicated in the Coverage Summary, we'll extend the coverage territory for property in transit to be worldwide.

Radioactive Contamination

We'll pay for direct physical loss or damage to covered property caused by radioactive contamination, provided that:

- radioactive contamination arises out of material at a covered location;
- radioactive material is kept at the covered location for the purpose of your operations; and
- there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel meant for use in such a reactor at the covered location.

But we won't pay more than the additional benefit limit for radioactive contamination shown in the Coverage summary.

Radioactive contamination means

- sudden and accidental radioactive contamination.
- radiation damage to covered property which results from such contamination.

Random Attack - Hacking Event Or Computer Virus

We'll pay for direct physical loss or damage caused by a random attack by a hacking event or computer virus.

Random attack means the widespread attack, by a hacking event or computer virus, directed against the computer systems, software, data, or telecommunications systems of multiple organizations or persons who are not part of you, rather than solely at your computer systems, software, data, or telecommunications systems. Such attack is intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

Hacking event means an attack which allows unauthorized access or use of a computer or telecommunications system by electronically circumventing a security system or procedure.

Computer virus means a piece of code that is maliciously or fraudulently introduced into a computer or telecommunications system. Once introduced, the virus may destroy, alter, contaminate, or degrade the integrity, quality, or performance of data or any computer application software, computer network, or computer operating system and related software.

But we won't pay more than the additional benefit limit for random attack - hacking event or computer virus shown in the Coverage Summary.

Rewards

We'll reimburse you for any monetary reward you have offered with our prior consent for information that leads to the arrest and conviction of any individual committing or trying to commit any illegal act related to a covered cause of loss or damage to covered buildings or covered business personal property. Any such reward will be handled and administrated by the authorities with jurisdiction in the matter.

But we won't pay more than the additional benefit limit for rewards shown in the Coverage Summary. In addition, neither you, your partners, your officers, nor your employees will be eligible to receive the reward.

Telecommunications Theft

We'll pay amounts you are obligated to pay for charges incurred arising out of the theft of telecommunications services.

Theft of telecommunications services means the intentional, unauthorized, and fraudulent gaining of access to outgoing long distance telephone service through infiltration and manipulation of your telecommunications systems from a location not owned by you.

Telecommunications system means telephone, fax, data, or computer transmission services provided by or to you by others.

But we won't pay more than the additional benefit limit for telecommunications theft shown in the Coverage Summary.

Unscheduled Locations

We'll pay for direct physical loss or damage by a covered cause of loss to covered business personal property while the covered property is at any unscheduled location.

Business personal property at unscheduled locations includes but is not limited to property:

- at processors;
- off site for repair, service, or installation;
- on consignment or approval;
- salespersons samples;
- on exhibit or at fairs; or
- at temporary locations.

But we won't pay more than the additional benefit limit for unscheduled locations shown in the Coverage Summary. This benefit only covers business personal property at a fixed location; it doesn't cover business personal property while in transit.

Worldwide coverage extension. If this option is indicated in the Coverage Summary, we'll extend the coverage territory for unscheduled locations to be worldwide.

Valuable Records Research

We'll pay for research and other expenses necessary to reproduce, replace, or restore valuable records which have suffered direct loss or damage by a covered cause of loss while at a covered location.

But we won't pay more than the additional benefit limit for valuable records research shown in the Coverage Summary.

Valuable records include account books, manuscripts, abstracts, drawings, card index systems, and other printed or written documents. Valuable records also include maps, films, tapes, and other such material. But it doesn't include computer software or data.

Voluntary Surrender

We'll pay for the direct physical loss or damage to your covered property taken from

you by theft caused by your voluntarily giving the possession of or title to covered property to someone else. But we'll cover this kind of loss only if you are the victim of some fraudulent scheme, trick, device, or false pretense.

But we won't pay more than the additional benefit limit for voluntary surrender shown in the Coverage Summary.

This coverage does not protect you against the inability or failure of a buyer to pay you for covered property as promised unless it can be shown that the buyer acted with criminal intent to steal the property from you.

Exclusions - Losses We Won't Cover

When we use the word "loss" in this section we also mean damage.

Acts or decisions. We won't cover loss caused by or resulting from any act or decision or by the failure to act or decide, of any person, group, organization, or unit of government. If a loss not otherwise excluded results, we'll pay for that resulting loss.

Boilers. We won't cover loss to a steam boiler, steam pipe, steam turbine, steam engine, when the loss is caused by or resulting from any condition or event within such equipment. Nor will we cover loss caused by or resulting from the explosion of a steam boiler, steam pipe, steam turbine, or steam engine, that you own, operate, or lease.

We won't cover loss to a hot water boiler or any other equipment for heating water when the loss is caused by or results from any condition or event within such equipment other than an explosion.

If fire or explosion results, we'll pay for that resulting loss. We'll also cover loss caused by or resulting from the explosion of accumulated gas or unconsumed fuel in the firebox or combustion chamber of a fired furnace or in the flues or passages leading from the firebox chamber.

Collapse. We won't cover loss caused by or resulting from collapse unless due to any of the following causes of loss:

- fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, leakage from fire extinguishing equipment, sinkhole collapse, and volcanic action;
- building glass breakage, falling objects, weight of ice, snow, or sleet, water damage;
- decay that is hidden from view, unless the presence of such decay is known or should have been known to an insured prior to collapse;
- insect or vermin damage that is hidden from view, unless the presence of such damage is known or should have been known to an insured prior to collapse;
- weight of people or business personal property or other personal property;
- weight of rain which collects on a roof; or
- use of defective material or methods in construction, remodeling, or renovation if the collapse occurs before such work is completed.

Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose. A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse. A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building. A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion.

Contamination. We won't cover loss caused by or resulting from any kind of contamination of your covered products or covered property.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

Defects or errors. We won't cover loss caused by or resulting from:

- defects or errors in the materials, design, development, distribution, processing, manufacturing, workmanship, testing, alteration, or repair of covered property;
- errors in systems programming; or

- errors in instructions to a machine.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

Disappearance. We won't cover loss of property that is missing where:

- the only evidence of the loss is a shortage disclosed on taking inventory; or
- there is no physical evidence to show what happened to the property.

Dishonesty. We won't cover loss caused by or resulting from any fraudulent, dishonest, or criminal act committed by you or by a partner, member, manager, director, officer, trustee, agent or employee, including leased employee, of yours. Nor will we cover dishonest acts of anyone that you entrust with covered property other than a common carrier.

This exclusion doesn't apply to acts of destruction by your employees, including leased employees. Nor does this exclusion apply to the additional benefit for employee theft.

Earth movement. We won't cover loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- earthquake, including any earth sinking, rising, or shifting related to such event.
- landslide, including any earth sinking, rising, or shifting related to such event.
- mine subsidence, meaning subsidence of a manmade mine, whether or not mining activity has ceased.
- earth sinking (other than sinkhole collapse), rising, or shifting including soil conditions which cause settling, cracking, or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil, and the action of water under the ground surface.
- eruption, explosion, or effusion of a volcano other than volcanic action.

Sinkhole means underground empty spaces created by the action of water on limestone or dolomite. We'll cover loss caused by sudden sinking or collapse into a sinkhole of the earth supporting covered property.

Volcanic action means direct loss or damage resulting from a volcano when the loss or damage is caused by:

- airborne volcanic blast, airborne shock waves;
- ash, dust, or particulate matter; or
- lava flow.

Volcanic action does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss or damage to covered property.

If fire, explosion, glass breakage, theft, or volcanic action results, we'll pay for that resulting loss.

If more than one earth movement or volcanic eruption occurs within any 168 hour period, we'll consider this one event.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

Electrical damage. We won't cover loss to electrical equipment, including wiring, caused by or resulting from electrical arcing. We also won't cover loss to electronic recordings caused by or resulting from electrical or magnetic injury, disturbance or erasing.

If a fire results, we'll pay for that resulting loss.

But we won't apply this exclusion to computer hardware, software, or data.

Flood. We won't cover loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

- flood;
- surface water; or
- mudslide or mudflow.

Flood means waves, tides or tidal water, the rising of bodies of water and streams, or the overflowing or breaking of their boundaries, whether driven by wind or not.

Surface water means water which accumulates or flows on the surface of the ground, and is created by natural causes such as rain, melted snow, or rising springs, but which follows no defined watercourse

and does not gather into or form a natural body of water, such as a river or lake.

If fire, explosion, or sprinkler leakage results, we'll pay for that resulting loss.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

Governmental action. We won't cover loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

- seizure or destruction of property under quarantine or customs regulation; or
- confiscation by any government or public authority.

But this exclusion won't apply to property destroyed by a civil authority in order to stop the actual spread of fire. *For example, to establish a fire break.*

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

Indirect loss. We won't cover loss caused by or resulting from:

- delay;
- loss of market;
- loss of use; or
- any indirect loss.

Mechanical breakdown. We won't cover loss caused by or resulting from:

- mechanical breakdown or failure;
- derangement of mechanical parts; or
- rupture caused by centrifugal force.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

But we won't apply this exclusion to computer hardware, software, or data.

Nuclear activity. We won't cover loss caused directly or indirectly by nuclear reaction, nuclear radiation, or radioactive contamination. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. If fire results, we'll pay for that resulting loss.

This exclusion won't apply to the additional benefit for radioactive contamination.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

Ordinances, regulations, or laws. We won't cover loss caused directly or indirectly by the enforcement of any ordinance, regulation, or law governing the use, construction, repair, or demolition of any property. This includes removal of debris. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion applies whether the loss results from:

- an ordinance or law that is enforced even if the covered property has not been damaged; or
- the increased costs are incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of covered property, or the removal of the debris, following a physical loss to covered property.

This exclusion won't apply to either the additional coverage for undamaged portion of the building or the additional benefit for demolition and increased cost of construction.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

Planning, design, materials, maintenance. We won't cover loss caused by or resulting from faulty, inadequate or defective:

- planning, zoning, development, surveying, siting;
- design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- materials used in repair, construction, renovation or remodeling; or
- maintenance.

All of the above apply to part or all of any property on or off of a covered location.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

Pollution. We won't cover loss that is caused by or results from pollution unless the pollution is caused by or results from any of the following covered causes of loss.

- fire;
- lightning;
- explosion;
- wind or hail;
- smoke;
- vehicles and aircraft;
- civil disturbance and riot;
- vandalism;
- sprinkler leakage;
- sinkhole collapse;
- volcanic action;
- falling objects;
- weight of snow, ice, or sleet;
- water damage; or
- collision, upset, or overturn of a transporting vehicle:
- while at a covered location; or
- away from covered locations when the transporting vehicle is owned, operated, rented, leased or borrowed by you.

Pollution means the actual, alleged, or threatened discharge, dispersal, release, leakage, seepage, migration, or escape of pollutants.

However, we won't pay for the costs associated with the enforcement of any ordinance, regulation, or law which requires you or anyone else to:

- test for, monitor, cleanup, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of pollutants.

Pollutants mean any solid, liquid, gaseous or thermal irritant, or contaminant including:

- smoke, vapors, soot, fumes;
- acids, alkalis, chemicals; and
- waste or waste pollutants.

Waste includes materials to be recycled, reconditioned, or reclaimed.

Waste pollutants mean those pollutants which are at any time transported, handled,

stored, treated, disposed of, or processed as waste by or for you or any other person or organization for whom you're legally responsible.

This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Random attack - hacking event or computer virus. We won't cover loss caused directly or indirectly by a random attack by a hacking event or computer virus. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion doesn't apply to any specific attack nor to the additional benefit for random attack - hacking event or computer virus.

Specific attack means the intentional attack, by a hacking event or computer virus, directed solely at your computer system, software, data or telecommunications system. Such attack is intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

Settling, smog. We won't cover loss caused by or resulting from:

- settling, cracking, bulging, shrinking, or expansion of a pavement, foundation, wall, roof, or ceiling; or
- smog, smoke, vapor, or gas from agricultural or industrial operations.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

Utility failure. We won't cover loss or damage caused directly or indirectly by the failure of power or other utility service supplied to a covered location if the break in service occurs away from that location. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

This exclusion won't apply to the additional benefits for off premises utility failure.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

Voluntary surrender. We won't cover the loss caused by or resulting from covered property that is voluntarily sold or given to someone who obtains it by trick, device, false pretense, or other fraudulent schemes.

But this exclusion won't apply to the additional benefit for voluntary surrender.

War. We won't cover loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

- war (declared or undeclared);
- warlike action by a military force, including anything done to hinder or defend against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents;
- invasion or insurrection;
- rebellion, revolution, or civil war;
- seizure of power; or
- anything done to hinder or defend against these actions.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

Wear, tear, deterioration, animals. We won't cover loss caused by or resulting from:

- wear and tear;
- deterioration, mold, wet or dry rot, rust, or corrosion;
- shrinkage, evaporation, loss of weight;
- changes in flavor, color, texture, or finish;
- spoilage to business personal property including perishable goods;
- nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents, or other animals; or
- the inherent nature of the property.

Inherent nature means a latent defect or any quality in the property that causes it to deteriorate or destroy itself.

If loss from fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, leakage from fire extinguishing equipment, sinkhole collapse, volcanic action, building glass breakage, falling objects, weight of

ice, snow, or sleet or water damage results, we'll pay for that resulting loss.

Water damage means the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance, other than a sump system, containing water or steam.

Exclusion Exceptions

The following exclusions in the Exclusions - Losses We Won't Cover section don't apply to the additional benefits for accounts receivable, deferred payments, fine arts, property in transit, or valuable records research:

- Boilers;
- Contamination;
- Electrical damage;
- Mechanical breakdown;
- Settling - smog;
- Utility failure; and
- Wear - tear - deterioration - animals.

Rules For Loss Adjustment

When a loss occurs, we'll consider the following factors in determining what we'll pay:

- How Your Property Is Valued
- Deductible
- Coinsurance Rule
- Other Insurance

We may take over any of the damaged or destroyed property at its agreed or appraised value. We can choose to repair, rebuild or replace the property ourselves provided we give you notice within 30 days after we get your proof of loss. You agree that you won't merely abandon this property to us.

How Your Property Is Valued

The Coverage Summary indicates whether property is insured:

- on an actual cash value basis, or
- on a replacement cost basis.

Property insured on an actual cash value basis. For property insured on an actual cash value basis, we'll pay the smallest of the following:

- the actual cash value of the lost or damaged property at the time of loss;
- the amount it would cost to repair or replace the property with similar kind or quality; or
- the limit of coverage that applies to the property.

Property insured on a replacement cost basis. For property insured on a replacement cost basis, we'll pay the cost of repairing or replacing the damaged property without deduction for depreciation. But we won't pay more than the smallest of the following:

- the amount you actually spend in repairing the damage;
- the amount you actually spend replacing the damaged property at the time of the loss with new property of similar kind and quality to be used for the same purpose; or
- the limit of coverage that applies to the property.

If a building is rebuilt at a new location, the amount we will pay is limited to the cost which would have been incurred if the building had been rebuilt at the original location.

We won't pay on a replacement cost basis until property has actually been repaired or replaced.

You can choose actual cash value. If replacement cost coverage applies to lost or damaged property, you may choose to have the loss paid on an actual cash value basis if you believe it's to your advantage to do so. For example:

The amount of insurance on the property may not be enough to comply with the coinsurance rule on a replacement cost basis; or you may decide not to rebuild.

If you have chosen actual cash value you can still change your mind and have the loss paid on a replacement cost basis if you tell us in writing within 180 days from the time of the loss.

Special rules for building ordinances or laws.

The following rules are applicable to the additional coverage for building ordinances or laws. If the covered property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

We'll only pay for the increased costs of upgrading damaged parts of a covered building to comply with the minimum requirements of any building code in force at the time of the loss which governs the repair or replacement of the damaged covered building.

If a covered building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction, subject to the limit of coverage, is the increased cost of construction at the same premises.

If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction, subject to the limit of coverage, is the increased cost of construction at the new premises.

We won't pay for increased construction costs:

- until the covered property is actually repaired or replaced; and
- unless the repairs or replacements are made as soon as reasonably possible, but not more than two years after the loss or damage. We may, however, give you permission in writing to extend this period beyond the two years.

If the covered property is not repaired or replaced, we won't pay more under this additional coverage than the amount you actually spend to demolish and clear the site of a covered location.

Rules for valuing special property. The following special rules apply.

Setting a value on finished stock. If this option is checked under the valuation options on the Coverage Summary, we'll consider the value of your finished stock to be the price at which it was sold or the price at which it would have been sold had no loss occurred. That price will be reduced by any discounts given and any expenses

that haven't actually been incurred. However, this provision does not apply to any computer software or data.

Finished stock means your manufactured product when it's ready for packing, shipment, or sale.

Brands and labels. If your stock is damaged, you have two options when you don't want to sell your damaged stock under your brand or label even though the damaged stock has a salvage value:

- remove the brand or label and then relabel the stock to comply with the law; or
- label the damaged stock as salvage but, in doing so, cause no further damage to the damaged stock.

In either case, valuation will include the difference between:

- the salvage value of the damaged stock with the brand or label attached; and
- the salvage value of the damaged stock with the brand or label removed.

Pairs and sets. We'll pay for the consequential loss of your undamaged business personal property.

Consequential loss means a part or parts of your product are physically lost or damaged by a covered cause of loss causing the part or parts that are not damaged to be unmarketable as a complete product.

Setting a value on improvements. We explain what improvements are covered on page 3. If you're a tenant you may repair or replace a damaged improvement at your own expense. If you do so within a reasonable amount of time, we'll figure the value of the improvement at actual cash value or replacement cost, whichever is indicated in the Coverage Summary.

But if the damaged improvement isn't repaired or replaced within a reasonable amount of time, we'll figure its value differently. We'll take the original cost of the improvement and multiply that by a fraction. The fraction is obtained by dividing the amount of time left on your lease when the loss occurred by the amount of time left when the improvement was originally made.

$$\text{Original cost} \times \frac{\text{Remainder of lease when loss occurred}}{\text{Remainder of lease when improvement made}} = \text{Value of Improvement}$$

For example:

You make a \$5,000 improvement on your office one year before your lease expires. Six months later it's destroyed. If you don't repair it within a reasonable time, we'll consider the improvement's value to be:

$$\$5,000 \times \frac{6 \text{ months}}{12 \text{ months}} = \$2,500$$

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

Setting a value on accounts receivable.

We'll determine the amount of accounts receivable outstanding as of the time of loss by the following method:

- determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
- adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

The following will be deducted from the total amount of accounts receivable:

- the amount of the accounts for which there is no loss;
- the amount of the accounts that you are able to re-establish or collect;
- an amount to allow for probable bad debts that you are normally unable to collect; and
- all unearned interest and service charges.

Setting a value on software and data.

We'll consider the cost of software and data to be no more than the cost of blank materials plus the costs you incur for replacing, reproducing, transcribing, or copying them. This applies to software and data that are actually replaced or reproduced. If they are not replaced or reproduced, we'll pay only the cost of blank materials. Pre-

packaged software is valued at the cost to replace and re-install.

Software means programs that are either purchased or written on a custom basis, which are regularly used with a computer system.

Data means facts, concepts, or instructions converted to a form useable in computer operations.

Setting a value on other records. As described in the additional benefit for valuable records research, we'll pay for research and other expenses to reproduce, replace, or restore valuable records. Valuable records are defined in the Additional Benefit section.

We'll consider the value of other records, account books, manuscripts, abstracts, drawings, or card systems to be no more than the cost of blank material plus labor you incur in transcribing or copying them. But this clause does not apply to valuable records research coverage as provided in the Additional Benefits section.

Setting a value on fine arts. Fine arts are valued based on the market value at the time of loss. When the lost or damaged article is part of a pair or set, you may choose one of the following methods of loss payment. We'll pay you:

- the market value of the entire pair or set. You'll return to us the remaining pieces; or
- the cost to repair the damaged pieces and you'll keep the undamaged pieces. If the pair or set, with the repaired pieces, has a lower value than it had prior to the loss, we'll also pay the difference. In no event will we pay more than the value the pair or set had prior to the loss; or
- the market value of the lost or damaged pieces prior to the loss when the pieces cannot be found or repaired. You'll keep the undamaged pieces. If the remaining pieces have a reduced value, we'll pay the difference between the value of the remaining pieces prior to the loss and after the loss. In no event will we pay more than the value the pair or set had prior to the loss.

We explain what we mean by fine arts in the Additional Benefits section.

Setting a value on money and securities. We may choose to pay for a money or securities loss in the United States dollar equivalent determined by the rate of exchange on the date you discover the loss.

Money. Money losses will be determined by its face value.

Securities. Securities losses will be determined by their value at the close of business on the day you discover the loss. We may, at our option:

- pay the value of such securities or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those securities; or
- pay the cost of any lost securities bond required in connection with issuing duplicates of the securities. But we'll only pay the cost of a bond with an amount of coverage that doesn't exceed the value of the securities at the close of business on the day you discovered the loss; or the limit of coverage under this agreement, whichever is less.

Expenses we'll cover for waterborne shipments. For waterborne shipments you, your agents, assigns or representatives are all permitted and obligated to pursue any action which may be necessary to:

- reduce actual or imminent loss to covered property; and
- to recover the covered property.

We agree to bear our part of the expenses you voluntarily incur to protect or recover the covered property. We'll also pay general average and salvage charges for covered waterborne shipments.

Deductible

Your deductible is shown in the Coverage Summary. You'll be responsible for this amount of loss in each event. We'll pay the rest of your covered loss up to the limits of coverage that apply.

Coinsurance Rule

This coinsurance rule only applies if the Coverage Summary shows a coinsurance percentage for the covered property.

If a percentage is shown, you agree to insure your property for a minimum amount.

In return, we agree to reduce the premium that would otherwise apply to your property.

We won't include the value of property covered under your additional benefits or the cost of debris removal in figuring your minimum amount.

What's the minimum amount? The minimum amount is the actual cash value or replacement cost of your property, whichever is indicated in the Coverage Summary, multiplied by the applicable coinsurance percentage. If your insurance under this agreement includes more than one limit of coverage, we'll apply this coinsurance rule separately to the property covered under each limit. For example:

If actual cash value is indicated, we'll use the actual cash value of all property insured under the same limit of coverage in figuring the minimum amount, as shown below:

Actual cash value of building at time of loss (including building items)	\$100,000
Coinsurance percentage (80%)	<u>x .80</u>
Minimum amount you agree to insure	\$80,000

Replacement cost coverage may be indicated in the Coverage Summary; however, you can choose to have your loss paid on an actual cash value basis. If so, we'll consider the minimum amount to be the actual cash value of the lost or damaged property multiplied by the applicable coinsurance percentage.

Because property values change, we'll figure the minimum amount at the time a loss occurs. Therefore, it's important for you to review the amount of your insurance periodically to be sure you're complying with this agreement.

How the rule works. If at the time of loss your property is insured for the minimum amount or more, this coinsurance rule won't have any effect on what we'll pay up to the limit of liability shown in the Coverage Summary.

However, if your property is insured for less than the minimum amount at the time of loss, you'll have to share your loss with us. Here's how we'll determine what we'll pay and what your share will be:

First, the amount of your insured loss less the deductible will be determined. Then we'll divide the amount of insurance you had on your property by the minimum amount you should have had. We'll pay this percentage of your loss up to the applicable limit of coverage or 100% of the loss, whichever is less. The rest is your share. Here's an example of how it works:

Amount of your loss	\$40,500
Deductible	\$500
Amount of your loss less the deductible	\$40,000
Amount of insurance you had	\$60,000
Minimum amount you should have had	\$80,000
$\frac{\$60,000}{\$80,000} = .75 \text{ or } 75\%$	
75% of \$40,000 = \$30,000	

In this example, we'll pay \$30,000 of your loss. The remaining \$10,000 plus the \$500 deductible is your share.

From this example, you can see that it's important to keep your property insured for at least the coinsurance percentage you agreed to. Otherwise we may only pay a part of your loss.

Agreed Amount Option

The Coverage Summary will indicate whether or not this option applies. It will also list the locations, if any, that this option applies to, the agreed amount, and the agreed amount expiration date.

This option suspends the Coinsurance Rule for covered property to which this option applies. At the time of loss, we'll pay the percentage that the applicable limit of coverage is of the agreed amount that applies. For example:

$$\frac{\text{Limit of coverage}}{\text{Agreed amount}} = \frac{\$30,000}{\$30,000} = 100\%$$

So, if the amount of your loss is \$10,000, we'll pay \$10,000 less your deductible. But we won't pay more than the limit of coverage that applies.

Agreed amount expiration date. This Agreed Amount Option expires on the date shown in the Coverage Summary. At that time, we'll automatically reinstate the Coinsurance Rule.

Other Insurance

Insurance under a separate policy may apply to your covered loss. If the separate policy is subject to the same terms and conditions as this policy, we'll pay our pro rata portion of the covered loss or damage. Our share will be the same proportion of the loss that our limit of coverage bears to the total of all available limits. If the separate policy more specifically insures the property, we'll pay the amount of your covered loss left after the separate policy has been used up, less the deductible. But we won't pay more than the limit of coverage under this agreement. Excess coverage under this agreement will not apply to the deductible amount of more specific insurance.

Adjusting Losses

If there's a covered loss to your property we will adjust the loss with you. If there's a covered loss to someone else's property, we'll adjust the loss with you for the owner's account. We can choose to settle directly with the owner. If we settle with the owner, the owner's release will satisfy any claim you make for the same loss.

Who We'll Pay For Loss To Business Personal Property

If the Coverage Summary identifies a person or organization to receive payments for loss to business personal property or personal property covered under building items, we'll adjust the loss with you. However, payment will be made to you and the person or organization named, based on the financial interest each has in the covered property.

If Your Building Is Mortgaged

If the Coverage Summary identifies a mortgageholder, this section applies. We'll consider trustees to have the same rights and duties as mortgageholders.

Rights and duties of mortgageholders. We'll make payments for losses to you and any mortgageholder based on the interest each has in the building.

The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

If we deny your claim because of your acts or because you haven't complied with the terms of this agreement, the mortgageholder will still have the right to receive loss payments if the mortgageholder:

- pays any premium when due at our request when you fail to do so;
- submits a signed, sworn proof of loss when you fail to do so; and
- notifies us when aware of any change in ownership, occupancy or risk.

The same rules and conditions that apply to you will then apply to the mortgageholder.

Transfer of mortgageholder's right to us. If we pay your mortgageholder for loss or damage and deny payments to you because of your acts or because you haven't complied with the terms of this agreement, the mortgageholder's rights to recover that amount from you will then belong to us to the extent of the amount we pay. But that won't affect your mortgageholder's rights to recover the remaining amount of the mortgage debt from you.

We also have the right to pay off the mortgage debt. If we do, we'll take over the mortgageholder's right to be repaid by you.

Cancellation notice to mortgageholder. If we cancel this agreement, we'll mail or deliver a cancellation notice to your mortgageholder at least 30 days before coverage ends - 10 days if we cancel for non-payment of premium.

Nonrenewal notice to mortgageholder. If we elect not to renew this policy, we'll mail or deliver a nonrenewal notice to your mortgageholder at least 10 days before the expiration date of the policy.

Other Rules For This Agreement

Insurance for your benefit. This insurance is for your benefit. No third party having temporary possession of your property, such as a transportation company, can benefit directly or indirectly from it.

Buildings that are vacant. A building is vacant when it does not contain enough business personal property to conduct customary operations. We won't consider buildings under construction to be vacant. If a building is vacant, we'll reduce our payment for covered losses by 15% for a loss that occurs after the first 60 consecutive days of vacancy. You may buy an endorsement which extends the period your building may be vacant. If you do, the 15% penalty does not apply during that period.

After 60 consecutive days of vacancy, we will not pay for loss or damage due to the following, even if they're covered causes of loss:

- vandalism;
- sprinkler leakage, unless the system has been protected against freezing;
- building glass breakage;
- water damage;
- theft; or
- attempted theft.

Construction or repairs. You may make additions, alterations or repairs to covered property without notifying us beforehand.

Unintentional errors and omissions.

Unintentional errors and omissions including:

- improper description of a covered location;
- incorrect reporting of values; or
- failure to report a location

won't affect your rights under this policy, provided you notify us after you discover such an error or omission.

We retain the right to collect any additional or retroactive premium due to any unintentional error or omission.

Preserving your rights. The following replaces the Recovering Damages From A Third Party section in the General Rules.

You must do all you can to preserve any rights you have to recover your loss from others. If you do anything to impair these rights, we won't pay for your loss.

Before a loss occurs, you can give anyone a written release from any responsibility for losses to property. You can also accept ordinary bills of lading from a shipper, even

if they limit the carrier's liability for losses.
But after a loss you can release only:

- your tenant;
- another person covered under this policy;
or
- any firm or organization that you own or
control or that owns or controls you.

**TECHNOLOGY VISIONPAK
INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION
BLANKET EARNINGS AND EXPENSE COVERAGE SUMMARY**



This Coverage Summary shows the coverage options and other applicable conditions that apply to your Blanket Earnings and Expense coverage.

Blanket Earnings And Expense Limit Of Coverage \$1,200,000

Locations Covered

Loc. No. Address

SEE VP002 FOR SCHEDULE OF COVERED LOCATIONS.

Ordinary Payroll ☒ Included ☐ Excluded

Deductible \$SEE VP001 **Hours** **Business Days**

Refer to the Insuring Agreement for an explanation of coverage.

Additional Benefit	Additional Benefit Limit
Contract Penalties	\$25,000
Inventory and Appraisals	\$25,000
Off Premises Utility Services	\$25,000
Pollution Clean-up and Removal	\$25,000
Property in Transit	\$25,000
Radioactive Contamination	\$25,000

Additional Benefit Restrictions

Name of Insured **Policy Number** ZLP-11R18933-12-I4 **Effective Date** 09/11/12
VENDINI, INC. **Processing Date** 09/07/12 10:12 001

VP005 Ed. 3-99 Coverage Summary
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TRV-POL 083

**TECHNOLOGY VISIONPAK
INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION
BLANKET EARNINGS AND EXPENSE ENDORSEMENT**

This endorsement changes your Technology Premier Property Protection.

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How Coverage Is Changed

This endorsement adds earnings and extra expense coverage to your Premier Property Protection. The locations that this endorsement applies to and the limits of coverage are shown in the Coverage

Project research and development documentation means written, printed, or otherwise inscribed documents, plans and records directly associated with your research and development operations.

Suspension means:

- the slowdown or cessation of your business activities; or

- that part or all of the covered location is rendered untenable.

Optional ordinary payroll exclusion. If this option is indicated in the Coverage Summary, we won't cover ordinary payroll expenses.

Ordinary payroll expenses mean payroll expenses for all your employees except:

- officers;
- executives;
- department managers; and
- employees under contract.

It includes expenses from:

- payroll;
- employee benefits, if directly related to payroll;
- FICA payments;
- union dues; and
- workers compensation premiums.

Extra expenses means the necessary expenses you incur during the period of restoration that you wouldn't have incurred if there had been no direct physical loss or damage to property caused by a covered cause of loss.

Extra expenses includes the necessary expenses you incur to replace or repair prototypes and project research and development documentation.

Period of restoration means the length of time that:

- begins with the date of direct physical loss or damage due to a covered cause of loss at the covered location; and
- ends on the earliest of the following:
 - the date you could restore your operations, with reasonable speed, to the level which would generate the earnings amount that would have existed if no direct physical loss or damage occurred; or
 - not more than 365 consecutive days after it should reasonably take to restore your operations, if you are unable to reach the level of earnings amount that would have existed if no direct physical loss or damage occurred.

The period of restoration includes any increased amount of time needed to repair

or rebuild the property to comply with the minimum standards of any ordinance or law in force at the time of the loss which governs the use, construction, repair, or demolition of any property. However, it doesn't include any increased amount of time needed due to the enforcement of any ordinance, regulation, or law requiring you or others to:

- test for, monitor, clean up, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of pollutants as defined in the Technology Premier Property Protection.

The expiration date of this policy won't end the period of restoration.

Operations means the kind of business activities that occur at the covered location.

Additional Coverages

The following coverages are included. The limits indicated for these coverages are not in addition to the limits of coverage for blanket earnings and expenses shown in the Coverage Summary.

Alterations and new buildings. We'll pay for your actual loss of earnings and extra expenses due to direct physical loss or damage from a covered cause of loss to alterations, additions, or new construction. This includes direct physical damage to materials and equipment used in construction or intended for use by occupants when work is completed. The material or equipment must be on or within 1000' of a covered location.

If the damage to the construction, materials, or equipment delays the start of your business operations, we'll figure your loss from the day operations would have started had no loss occurred. For example:

You have a successful manufacturing plant and plan to move into an addition on May 1. In March, a fire damages the addition while it's being built and the move into the addition is delayed until June 1. We'll cover your loss of earnings and necessary extra expense for the month of May.

Dependent properties. You may have a necessary business suspension due to direct physical loss or damage to dependent properties anywhere in the world. If the

suspension is due to a covered cause of loss, we'll pay for your actual loss of earnings and extra expenses up to 10% of your blanket earnings and expense coverage limit, but not more than \$250,000 in any one policy year.

Dependent property means a business, other than those indicated under Off Premises Utility Services, you don't own or operate but depend on to:

- provide goods or services which you need for your operations;
- purchase your goods or services;
- manufacture your products for delivery to your customers under contract of sale; or
- attract customers to the location of your business.

Interruption by civil authority. We'll pay your actual loss of earnings and extra expense when a civil authority, like a fire department, denies access to the covered location. This denial of access must result from direct physical loss or damage to property, other than at the covered location, caused by or resulting from a covered cause of loss.

The coverage for loss of earnings will begin after any applicable deductible and the coverage for extra expense will begin immediately following denied access. Coverage will apply for a period up to 30 consecutive days while access is denied.

Ingress/egress. We'll pay your actual loss of earnings and extra expenses that result from the necessary suspension of your operations due to the loss of ingress to or egress from a covered location. The loss must be caused by direct physical loss or damage to property at a location other than a covered location. The loss or damage must occur while this policy is in effect and must be due to a covered cause of loss.

We'll pay for loss up to 30 consecutive days from the date a covered location is no longer accessible. The loss or damage to property at a location other than a covered location must occur within a 15 mile radius of a covered location.

Newly acquired property. We'll pay for your actual loss of earnings and extra expense due to direct physical loss or damage by a covered cause of loss to newly acquired buildings or newly acquired business personal property. We'll pay up to 10% of your blanket earnings and expense coverage

limit, but not more than \$250,000 at any one location.

This benefit ends at the earliest of the following:

- when this policy expires;
- 180 days after you acquire the property; or
- when you tell us whether you want this coverage to apply to that location.

Additional premium will be due from the day the property is acquired.

Additional Benefits

All of the following additional benefits are in addition to the limits of coverage for blanket earnings and expenses shown in the Coverage Summary. The limit for each additional benefit is shown in the Coverage Summary.

Unless otherwise restricted, these limits are applicable at any location described in the Coverage Summary or at any location covered under this agreement. The limit for property in transit is applicable to business personal property that is away from a covered location.

Although applicable at any location, the indicated limit for any of these additional benefits is also the most that we will pay for loss or damage, regardless of the number of locations involved, that results from a single event such as a tornado or a hurricane.

All other terms in this endorsement and the Premier Property Protection apply to these additional benefits.

Contract penalties. We'll reimburse you for contract penalties you are required to pay your customers as a result of a penalty clause in your contracts for failure to deliver your products according to contract terms. The penalties must solely result from direct physical loss or damage by a covered cause of loss to covered property.

But we won't pay more than the additional benefit limit for contract penalties shown in the Coverage Summary.

Inventory and appraisals. We'll pay for reasonable costs and fees incurred by you for documentation that we require to certify your expenses, profit, or loss.

However, this benefit does not apply to costs incurred from an agent or broker's employee or representative. In addition, this benefit does not apply to costs incurred from a public adjuster.

But we won't pay more than the additional benefit limit for inventory and appraisals shown in the Coverage Summary.

Off premises utility services. We'll pay for your actual loss of earnings and extra expense that you incur due to direct physical loss or damage by a covered cause of loss to property not on your premises that supplies you with water, communications or power supply services. We'll only pay for loss that occurs after the first 12 hours following the direct physical loss or damage to the off premises property described below.

But we won't pay more than the additional benefit limit for off premises utility services shown in the Coverage Summary.

Water supply services means pumping stations and water mains supplying water to the covered location.

Communications supply services means property supplying communications services, including telephone, radio, microwave, or television services to the covered location, such as:

- communication transmission lines, including optic fiber transmission lines, but not their overhead communications lines;
- coaxial cables; and
- microwave radio relays, excluding satellites.

Power supply services means utility generating plants, switching stations, substations, transformers, and transmission lines, but not overhead transmission lines, supplying electricity, steam, or gas to the covered location.

Pollution cleanup and removal. We'll pay for your actual loss of earnings and extra expense incurred during the additional period of restoration resulting from a pollution loss covered under the Pollution cleanup and removal additional benefit of your Technology Premier Property Protection.

But we won't pay more than the additional benefit limit for pollution cleanup and removal shown in the Coverage Summary.

Property in transit. We'll pay for the actual loss of earnings and extra expense to your operations caused by direct physical loss or damage to covered business personal property in transit. The loss must occur while this endorsement is in effect and must be due to a covered cause of loss. This additional coverage doesn't apply when you're acting as a carrier for hire.

But we won't pay more than the additional benefit limit for property in transit shown in the Coverage Summary.

Radioactive contamination. We'll pay for your actual loss of earnings and extra expense that you incur due to direct physical loss or damage to covered property by radioactive contamination, provided that:

- radioactive contamination arises out of material at a covered location;
- radioactive material is kept at the covered location for the purpose of your operations; and
- there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel meant for use in such a reactor at the covered location.

But we won't pay more than the additional benefit limit for radioactive contamination shown in the Coverage Summary.

Optional Coverage

Dependent property. If this option is selected in the Coverage Summary, your dependent properties additional benefit limit is changed for specifically identified locations. The new limit and the specifically identified locations are listed in the Optional Coverage section of the Coverage Summary.

Exclusions - Losses We Won't Cover

All of the exclusions in your Premier Property Protection apply to this endorsement except the Utility failure exclusion doesn't apply to the additional benefit for off premises utility services.

The following additional exclusions apply to this Technology Premier Property Protection Blanket Earnings And Expense Endorsement.

Cancellation of contracts. We won't cover any increase in loss that's caused by or results from the suspension, lapse, or cancellation of any lease, license, contract, or order.

However, if the suspension, lapse or cancellation results directly from the interruption of your business, we'll cover any increase in a covered loss that affects your earnings. But we'll only pay for such increase during the period of restoration.

This exclusion won't apply to the additional benefit for contract penalties.

Damage to finished stock. We won't cover any loss of earnings or extra expense caused by or resulting from damage to finished stock. Nor will we cover loss caused by or resulting from the time necessary to reproduce the damaged finished stock. But we will pay for any out of the ordinary expenses you have in replacing finished stock you use to reduce your covered loss. This exclusion doesn't apply to extra expense.

Finished stock is your manufactured product when it's ready for packing, shipment, or sale. This doesn't include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this endorsement.

Denial of services. We won't cover any loss of earnings or extra expense caused by or resulting from denial of services.

Denial of services means an intentional specific or random attack on your computer system or telecommunications system for the purposes of nuisance, sabotage, or malicious tampering which has the effect of:

- depleting system resources available through the Internet to authorized external users of your computer system or telecommunications system; or
- impeding Internet access of authorized external users to your computer system or telecommunications system.

Direct loss. We won't cover any direct physical loss or damage to property.

Other indirect loss. We won't cover loss caused by or resulting from any indirect loss other than loss of earnings and extra expense.

Repair. We won't cover the cost of repairing or replacing damaged property, including the cost of research necessary to replace or restore abstracts, account books, card index systems, computer software and data, and other records. But we will pay any expense you incur over the normal cost of such repair or replacement if it's necessary to reduce your total extra expenses due to a covered loss.

This extra expense for repair or replacement may not be more than the amount by which it reduces your total extra expense loss.

Satellites and their component parts. We won't pay for any loss of earnings or extra expense that you incur caused by or resulting from the failure of satellites or their component parts to function as intended.

Strike. We won't cover any increase in loss due to delay caused by or resulting from strikers or anyone else at a location of rebuilding, repairing or replacing damaged property when it interferes with efforts to resume business.

However, you can recover for an increase in a covered loss when a strike on another person's premises prevents you from resuming business. For example:

You've ordered materials to repair your building and you can't obtain them because there's a strike at the manufacturer's plant. This prevents you from resuming business and increases your loss of earnings and extra expense. We'll cover this increase in your loss.

Rules For Earnings And Extra Expense Loss Adjustment

When an earnings or extra expense loss occurs, we'll consider the following in determining what we'll pay under this endorsement:

- Loss Determination
- Your Responsibility For Resuming Operations
- Limits Of Coverage
- Deductible

Loss Determination

Earnings. Your amount of earnings loss will be determined based on:

- the net income of your business before the direct physical loss or damage occurred;
- the probable net income if loss or damage had not occurred, but not including any net income that would likely have been earned as a result of an increase in volume of business due to favorable business conditions caused by the impact of the covered cause of loss on customers or on other businesses;
- the operating expenses, including payroll expenses, necessary to resume operations with the same quality of service that existed just before the direct physical loss or damage; and
- other sources of information on your business such as: your financial records and accounting procedures, bills, invoices, and other vouchers and deeds, liens, or contracts.

Extra expense. We'll cover extra expense for operating when these expenses are over and above what it would normally cost to conduct your business, had no damage occurred. We'll deduct the salvage value that remains of any property bought for temporary use which you decide to keep after resuming operations.

We'll also cover all necessary expenses that reduce the loss that otherwise would have been incurred.

Your Responsibility For Resuming Operations

If you can reduce your loss, by resuming operations at the covered location or elsewhere:

- by using damaged or undamaged property including merchandise or stock; or
- by using any other source materials or outlets for your products, you agree to do so.

Earnings loss. We'll reduce the amount of your earnings loss to the extent you can resume operations in whole or in part:

- by using damaged or undamaged property including merchandise or stock; or
- by using any other source materials or outlets for your products.

Extra expense loss. We'll reduce the amount of your extra expense loss to the extent you can return operations to normal and discontinue extra expenses.

Limit Of Coverage

The most we'll pay for loss in any one event is the limit shown in the Coverage Summary.

Deductible

Your deductible is shown in the Coverage Summary as either a dollar amount or a time limit. The time limit is shown in business days or hours.

Business day means a day, ending at midnight, that you are normally open for business. The first business day or hour begins at the time of loss. The day ends at midnight. However, if the loss occurs after the business has closed for the day, we'll consider the first day or hour to be the next day or hour on which you would normally be open for business.

You'll be responsible for this dollar amount or time limit deductible in each event. We'll pay the rest of your covered loss up to the limits of coverage that apply.

If more than one deductible applies to a loss, the highest deductible amount will be applied to that loss.

Coinsurance Rule Exception

The Coinsurance Rule in your Technology Premier Property Protection doesn't apply to your Blanket Earnings And Expense Endorsement.

Other Terms

All other terms of your policy remain the same.

**PREMIER PROPERTY PROTECTION AMENDMENT TO
BLANKET EARNINGS AND EXPENSE ENDORSEMENT**

This endorsement changes your Premier
Property Protection Blanket Earnings And
Expense Endorsement.

How Coverage Is Changed

The following replaces the definition of
Earnings in the Blanket Earnings And
Expense Coverage section.

Earnings means:

- the net income, which is net profit or loss
before income taxes, that you would have
earned and continuing normal operating
expenses that you incur; or
- if your business is not generating income
because you are primarily in research and
development or have not yet brought
product to market, the continuing normal
operating expenses that you incur.

Earnings also include grants, endowments,
and other financial contributions that were:

- in your possession prior to the loss; and
- specifically assigned to a research and
development project.

Other Terms

All other terms of your policy remain the
same.

**PROPERTY PROTECTION COVERAGE SUMMARY CONTINUED -
EQUIPMENT BREAKDOWN COVERAGE**

This Coverage Summary shows the limits and extent of your Equipment Breakdown Coverage.

Coverage Options and Description

- ☐ Basic Accident Coverage
Coverage includes boilers, vessels and piping.
- ☒ Comprehensive Accident Coverage
Coverage includes boilers, vessels, piping, air conditioning and refrigeration equipment, machinery and electrical equipment.

Covered Locations

Loc. No.

Limit Of Coverage

\$SEE VP002

SEE VP002 FOR SCHEDULE OF COVERED LOCATIONS.

Optional Coverages**Limit of Coverage**

- ☐ Business Income \$
- ☒ Blanket Earnings and Expense \$SEE VP005
- ☒ SPOILAGE COVERAGE \$25,000
- ☐ \$

Deductible

Your deductibles shown in the Property Protection Coverage Summary applicable to property damage, business income or blanket earnings and expense apply to loss under this coverage unless a specific deductible is shown below:

Name of Insured
VENDINI, INC.

Policy Number ZLP-11R18933-12-I4

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Coverage Summary

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EQUIPMENT BREAKDOWN ENDORSEMENT**The St Paul**

This endorsement changes your Property Protection.

How Coverage Is Changed

This endorsement adds Equipment Breakdown Coverage to your Property Protection. This change broadens coverage.

Equipment Breakdown Coverage

We'll cover direct physical loss to covered property that results from a covered cause of loss.

We'll also cover your indirect loss and expenses resulting from the necessary interruption of your business if a limit of coverage is shown in the Coverage Summary for Business Income or Blanket Earnings and Expense.

Covered property means any property that you own, lease, operate or have in your care, custody or control at a covered location shown in the Coverage Summary.

Covered cause of loss is a Basic Accident or Comprehensive Accident as defined below.

Whenever the term accident is used in this endorsement, it means an accident as defined for the coverage shown in the Coverage Summary.

If an initial accident causes other accidents, all will be considered one accident. All accidents at any one location that become apparent at the same time and are the result of the same cause will be considered one accident.

Basic accident means the sudden and accidental breakdown of:

- any boiler;
- a fired or unfired pressure vessel subject to a vacuum or internal pressure other than static pressure of contents; and
- any piping and its accessory equipment.

There must be physical damage to the equipment or a part of the equipment that requires repair or replacement at the time the breakdown occurs.

Comprehensive accident means the sudden and accidental breakdown of:

- any boiler;
- a fired or unfired pressure vessel subject to a vacuum or internal pressure other than static pressure of contents;
- refrigerating or air conditioning systems, piping and its accessory equipment; and
- mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

There must be physical damage to the equipment or a part of the equipment that requires repair or replacement at the time the breakdown occurs.

Coverage Extensions

Expediting expenses. We'll pay up to \$25,000 for extra costs following the damage or destruction of covered property by a covered cause of loss to:

- make temporary repairs;
- expedite permanent repairs; and
- expedite permanent replacement.

Pollution clean up and removal. We'll pay up to \$25,000 for additional expenses you incur for:

- clean up;
 - repair or replacement; or
 - disposal;
- of covered property which is damaged, contaminated or polluted as a result of an accident by pollutants as defined in the Property Protection. This limitation also applies to damage, contamination or pollution caused by ammonia that is used as a refrigerant.



Optional Coverages

Business income or blanket earnings and extra expenses. We'll cover your indirect loss and expense from the necessary interruption of your business if a limit is shown in the Coverage Summary.

Off premises utility failure. If Business income or blanket earnings and extra expenses are covered, we'll pay for your loss and expense resulting from the necessary interruption of your business caused by an accident to any transformer or electrical apparatus that is:

- located on or within 500 feet of your premises;
- owned by a public utility company; and
- used to supply electrical power to your premises.

Spoilage coverage. We'll pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused solely by an accident. This includes an accident to any transformer or electrical apparatus that is:

- located on or within 500 feet of your premises;
- owned by a public utility company; and
- used to supply electrical power to your premises.

Exclusions - Losses Not Covered

The following exclusions in your Property Protection don't apply to coverage under this endorsement:

- Electrical equipment.
- Boilers.
- Mechanical breakdown.

Accident doesn't include the following:

- depletion, deterioration, corrosion or erosion, wear and tear;
 - leakage of any valve, fitting, shaft seal, gland packing, joint or connection;
 - functioning of any safety or protective device;
- or

- cracking of any gas turbine part exposed to the products of combustion.

Breakdown. We won't pay loss or damage resulting from breakdown of the following:

- insulating or refractory material;
- a nonmetallic vessel, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (ASME) code;
- a catalyst;
- a buried vessel or piping;
- any part of a vessel that is not under:
 - (a) pressure of the contents of the vessel; or
 - (b) internal vacuum.
- an oven, stove, furnace, incinerator, pot or kiln;
- a structure, foundation, cabinet or compartment containing the equipment;
- a power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casting;
- a conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted or used with this equipment;
- a machine or apparatus that is used for research, medical, diagnostic, surgical, dental or pathological purposes;
- a felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, nonmetallic part or any part or tool subject to frequent, periodic replacement;
- equipment manufactured by you for sale; or
- any equipment until it has been installed and completely tested on your premises.

Completely tested means the equipment has operated on your premises in the capacity for which it was designed as part of your normal production process.

Limits Of Coverage

The most we'll pay for loss from any covered accident is the limit shown in the Coverage Summary for property at a covered location.

If Business Income and Blanket Earnings and Extra Expense or Spoilage Coverage is shown in the Coverage Summary, the limit shown at a covered location is the same limit shown for covered causes of loss.

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Deductibles

The deductibles shown for property damage, Business Income, Blanket Earnings and Extra Expense or Spoilage in the Coverage Summary apply also to loss under this endorsement unless a specific Boiler and Machinery deductible is shown.

Suspension Of Coverage

We may suspend your coverage immediately if any of our authorized representatives find that your covered equipment is in or exposed to a

dangerous condition. We can do this by mailing or delivering a written notice of suspension to your address where the equipment is located. Once coverage is suspended, it can be reinstated only by written notice from us.

If we suspend your coverage, you'll get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

Other Terms

All other terms of your policy remain the same.

